Chicago Tribune
June 20, 2005

Paying the Sugar Tax

Sugar in the U.S. cost just under 22 cents a pound last week. Outside the U.S., the world market price for sugar was just under 9 cents a pound. There's nothing complicated about that math. Americans pay 13 cents more for a pound of sugar than anyone else does. That's because the federal government protects America's 6,000 sugar producers from foreign competition and guarantees a minimum price for the sugar they produce, regardless of what the market price might be.

It is, in effect, a tax. You pay a 13-cent-per-pound sugar tax every time you buy a candy bar or a cake or anything else that uses sugar. You pay that tax so those 6,000 sugar producers can continue to operate in a protected environment.

Sugar is certainly not the only agricultural commodity the government protects. But it's hard to come up with another product in which so many pay so high a price to protect so few.

Given these facts, you might think Congress would express outrage that American consumers are getting ripped off. You would be wrong. Congress is complicit in this outrage. Lawmakers have benefited handsomely from this sweet deal. In the last election cycle, the sugar lobby donated an estimated $3 million to federal candidates. All to make sure you keep paying the sugar tax.

Sugar is in the spotlight now because it plays a starring role in the battle on Capitol Hill over the Central America Free Trade Agreement. That treaty would eventually get rid of all tariffs on U.S. exports to Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua. It would also commit those Central American and Caribbean countries to open their state monopolies in telecommunications and other service industries to U.S. competition and to step up protection of intellectual property.

Many Democrats and some Republicans are against CAFTA because they insist the environmental and labor protections for workers in the member nations aren't stiff enough. Fears about the loss of U.S manufacturing jobs are also driving the opposition.

The fiercest opposition to CAFTA, though, comes from the sugar lobby. The treaty would allow a very small increase in sugar imports. Over 15 years, imports would be allowed to rise by an amount equal to just 1 percent of all U.S. sugar production. But the sugar lobby knows that putting sugar in this treaty means sugar protectionism will be fair game for other trade treaties down the road. This amounts to the beginning of the end of their sweet, protected world. No wonder they're fighting so hard.

So if you hear a member of Congress promise to vote against CAFTA, ask him why he wants you to keep paying that 13-cents-a-pound sugar tax.

If his answer is that he wants to protect jobs, ask him why the 6,000 sugar producers are more important than the nearly 7,000 candymaking jobs in Chicago alone that have disappeared during the last decade as employers moved to other countries in search of cheaper sugar. That's a pretty sour trade-off.